A Borderless World? From Colonialism to Transnationalism and the Decline of the Nation-State

Masao Miyoshi

Critical Inquiry, Vol. 19, No. 4. (Summer, 1993), pp. 726-751.

Stable URL:
http://links.jstor.org/sici?sici=0093-1896%28199322%2919%3A4%3C726%3AABWFCT%3E2.0.CO%3B2-T

Critical Inquiry is currently published by The University of Chicago Press.

Your use of the JSTOR archive indicates your acceptance of JSTOR's Terms and Conditions of Use, available at http://www.jstor.org/about/terms.html. JSTOR's Terms and Conditions of Use provides, in part, that unless you have obtained prior permission, you may not download an entire issue of a journal or multiple copies of articles, and you may use content in the JSTOR archive only for your personal, non-commercial use.

Please contact the publisher regarding any further use of this work. Publisher contact information may be obtained at http://www.jstor.org/journals/ucpress.html.

Each copy of any part of a JSTOR transmission must contain the same copyright notice that appears on the screen or printed page of such transmission.

JSTOR is an independent not-for-profit organization dedicated to and preserving a digital archive of scholarly journals. For more information regarding JSTOR, please contact support@jstor.org.

http://www.jstor.org
Mon Mar 12 01:04:09 2007

A Borderless World? From Colonialism to Transnationalism and the Decline of the Nation-State

Masao Miyoshi

Discourse and practice are interdependent. Practice follows discourse, while discourse is generated by practice. As for the discourse on colonialism, there is a long lineage of engagements with the history of colonialism. One recalls papers by practitioners such as John Locke, Edmund Burke, James Mill, and Thomas Macaulay early on, and critiques of the practice by Hobson, Lenin, Luxemburg, and Schumpeter among many others since the height of imperialism. Numerous metropolitan fiction writers are obsessed by the presence of remote colonies from Melville and Flaubert to Conrad and Gide. Actually, hardly any Western writer from Jane Austen to Thomas Mann, from Balzac to D. H. Lawrence could manage to escape from the spell of modern expansionism. The modern West depends on its colonies for self-definition, as Edward Said's newest book, *Culture and Imperialism,* argues.[1]

In the area of literary theory and criticism, however, the discourse on colonialism has a surprisingly brief history. One needs to remember that writers of the Negritude Movement and other Third World writers such

Many of my friends have read this paper in various stages. I am thankful for the following for detailed and insightful comments and suggestions, although errors and misinterpretations are, of course, entirely my own: Martha L. Archibald, Carlos Blanco-Aguinaga, Paul Bové, Noam Chomsky, Arif Dirlik, Joseba Gabilondo, H.D. Harootunian, Takeo Hoshi, Stephanie McCurry, and Anders Stephanson.

1. See Edward W. Said, *Culture and Imperialism* (New York, 1993).

Critical Inquiry 19 (Summer 1993)
© 1993 by The University of Chicago. 0093-1896/93/1904-0007$01.00. All rights reserved.

as Aimé Césaire, C. L. R. James, Frantz Fanon, and George Lamming[2] began to voice their views from the oppositionist perspective soon after the end of World War II.[3] And, yet, it was only fifteen years ago—well after the disappearance of administrative colonization from most regions of the world—that the discourse on colonialism entered the mainstream of Western theory and criticism.[4] Examining history from the perspective of personal commitment to resistance, Said's *Orientalism* in 1978 dramatically heightened the consciousness of power and culture relations, vitally affecting segments of disciplines in the humanities.[5] In other words, it was not until years after the end of formal colonialism between 1945 and 1970 that theory was enabled to negotiate issues of colonialism as an admissible factor in criticism. The time gap of a good many decades in literary history here is interesting enough if only because it demonstrates the discipline's habitual unease and disinclination in recent times to engage with extratextual matters, especially those concerning the imminent transfer of powers and resources. The history of decolonization and the memory of administrative and occupational colonialism, dangerously verging on nostalgia at times, form the base on which colonial and minority discourses have been built in recent years.[6]

2. Some examples are Aimé Césaire, *Discours sur le colonialisme* (Paris, 1955); C. L. R. James, *The Black Jacobins: Toussaint Louverture and the San Domingo Revolution* (London, 1938), *A History of Negro Revolt* (London, 1938), *Beyond a Boundary* (London, 1963), and many others; Frantz Fanon, *The Wretched of the Earth,* trans. Constance Farrington (New York, 1961), and *Studies in a Dying Colonialism,* trans. Haakon Chevalier (New York, 1961); and George Lamming, *In the Castle of My Skin* (London, 1953), and *The Pleasures of Exile* (New York, 1960).

3. During the 1960s, black writers began to express to the white audience their anticolonialist views as activists were promoting civil rights. Politically acceptable to many liberal academics, they were at the same time dismissed by "respectable" critics and scholars in academic disciplines.

4. Perhaps this is more conspicuously an Anglo-American phenomenon. In South America, for instance, the discourse on colonialism started everywhere—from Mexico to Argentina—much earlier, at the latest in the 1960s.

5. See Said, *Orientalism* (New York, 1978). Of course, there had been numerous studies in history and political science in relation to imperialism, racism, slavery, colonies, and so on, and the political activism of the 1960s and 1970s had also made contributions to the change in the political consciousness of Western intellectuals. But before the appearance of Said's book, no text had made a serious inroad into the mainline Anglo-American disciplines of the humanities.

6. The state of colonialization is obviously much harder to define than this abbreviated argument might suggest. Any example—say, of Palestine or Hong Kong—will at once

---

Masao Miyoshi teaches literature at the University of California, San Diego. His most recent book is *Off Center: Power and Culture Relations between Japan and the United States* (1991). His coedited book, *Japan in the World,* is forthcoming.

The circumstances surrounding this process of "liberation" and "independence," however, have no widely accepted narrative as yet. Does colonialism only survive today in a few places such as Israel, South Africa, Macao, Ireland, and Hong Kong? Does the rest of the world enjoy the freedom of postcolonialism? The problem we face now is how to understand today's global configuration of power and culture that is both similar and different vis-à-vis the historical metropolitan-colonial paradigm. This paper is concerned with such transformation and persistence in the neocolonial practice of displacement and ascendancy, and with its specular engagements in discourse. The current academic preoccupation with "postcoloniality" and multiculturalism looks suspiciously like another alibi to conceal the actuality of global politics. This paper argues that colonialism is even more active now in the form of transnational corporatism.

We might begin with the beginning of the decolonization process.[7] The end of the cold war in 1989 has enabled us to look back at the history of the past half-century—or even longer—from a perspective informed by truly radical change. We are, for instance, once again reassessing the end of World War II, which fundamentally altered the world system. The destruction of German and Japanese aggressions did not result in the full resuscitation of the hegemony of the European industrial states. The Western European nations, especially Britain and France, were too fatally injured to be able simultaneously to rebuild their domestic industrial bases and to sustain their military forces to dominate their colonies. In retrospect, we see that the Soviet Union kept up the front of a military superpower while disastrously wrecking its production and distributive systems. The avowed war objective of Germany and Japan—liberation and

---

display the particular complexities of individual circumstances. It does seem undeniable, however, that while oppression and suffering continue unabated, the administrative and occupational mode of colonialism is irreversibly being replaced by an economic version—especially after the end of the cold war. To complicate the situation further, the status of the aborigines in settlement societies such as Australia, Taiwan, the United States, Canada, and the Pacific islands, to take random examples, is far from clarified. Serious legal disputes are distinct possibilities in the near future in some of these areas, for example, in Hawaii and Australia.

7. There are six interrelated developments in post–World War II history, none of which should or could be considered in isolation. It is indeed possible to argue that any one of these developments needs to be studied in close conjunction *with every other.* They are: (1) the cold war (and its end); (2) decolonization; (3) transnational corporatism; (4) high-tech revolution; (5) feminism; (6) the environmental crisis. There are adjacent cultural coordinates such as postmodernism, popularization of culture, cultural studies, de-disciplinization, ethnicism, economic regionalism (tripolarism), and so on. The relationship between the two groups is neither homologic nor causal, but its exact nature requires further examination in a different context.

decolonization through a new world order (*die neue Ordnung* and *sekai shin chitsujo* in Axis slogans)—was a total sham; the colonized of the world that had sided with their master states in World War II seized the day and would not settle for less than independence and autonomy. Liberation was demanded and allowed to take place over several subsequent decades, albeit under varying circumstances.

After World War II, independence appeared to have ended the humiliating and exploitive colonial domination that had lasted anywhere from decades to centuries in countries covering at least 85 percent of the earth's land surface. And yet freedom and self-rule—for which the colonized had bitterly struggled often at the cost of immense sacrifice—were unexpectedly elusive. Decolonization neither effected emancipation and equality nor provided new wealth or peace. Instead, suffering and misery continued nearly everywhere in an altered form, at the hands of different agencies. Old *compradors* took over, and it was far from rare that they went on to protect their old masters' interest in exchange for compensation. Thus the welfare of the general population saw little improvement; in fact, in recent years it has worsened in many old colonies with the possible exceptions of the East Asian Newly Industrialized Economies (NIEs) and the Association of Southeast Asian Nations (ASEAN).[8] The "post-colonial" deterioration that Basil Davidson recently called "the black man's burden" was a result of double processes of colonization and decolonization, which were inextricably intermeshed.[9] We are all familiar with the earlier stage. As the colonizers drew borders at will, inscribing their appropriation on a map, tribes were joined or fragmented. Those who were encircled by a more or less arbitrary cartographic form were inducted into servitude on behalf of the distant and unseen metropolis. Western culture was to be the normative civilization, and the indigenous cultures were banished as premodern and marginal. And although subaltern resistance proved far more resilient than anticipated, and colonial programs were never really fulfilled anywhere, the victor's presence was powerful enough in most places to maintain a semblance of control and order despite unceasing resistance and opposition.

With the removal of formal colonialism after World War II, the cartographic unit that constituted a colony was now perceived both by the

8. In many regions of the world, there were some improvements in general welfare. As to starvation, for instance, the ratio of the chronically undernourished to the total population in the Middle East, South America, and Asia has been reduced to nearly one-half between 1970 and 1990. In Africa, however, there is hardly any change in the same period. See *Sekai o yomu kii waado* (Tokyo, 1992), pp. 82–83.

9. See Basil Davidson, *The Black Man's Burden: Africa and the Curse of the Nation-State* (New York, 1992). An Africanist journalist, Davidson may be overly influenced by his observations of Africa when he writes about the rest of the world. He is, for instance, much too pessimistic—and Orientalist!—as he predicts that aside from Japan no Third World nation will become industrialized.

departing colonizers and the newly freed to be a historically autonomous territory, that is to say, a modern nation-state, with a national history, national language, national culture, national coherence, and finally a state apparatus of its own as symbolized by a national anthem, flag, museum, and map. The entity was, however, no more than a counterfeit reproduction of, and by, its former conqueror in many places, having neither a discrete history nor logic that would convince the newly independent citizens of its legitimacy or authenticity. Earlier, while struggling against the oppressors, self-definition was not difficult to obtain: opposition articulated their identity. Once the Europeans were gone, however, the residents of a colonial territory were thrown back on their old disrupted site that had in the precolonial days operated on a logic and history altogether different. The liberated citizens of a colony now had to renegotiate the conditions of a nation-state in which they were to reside thereafter. Retroversion to nativism might have been an option, but the Third World was fraught with inequalities and contradictions among various religions, tribes, regions, classes, genders, and ethnicities that had been thrown together in any given colonial territory. And production and distribution were often horrendously inefficient. The golden age of a nation-state's memory proved to be neither pure nor just, nor even available, but a utopian dream often turned into a bloody nightmare. The hatred of the oppressors was enough to mobilize toward liberation but was inadequate for the management of an independent state. As Fanon had predicted early in the game, attempts at nativism indeed ended in disastrous corruption and self-destruction, and they are still ongoing events in many parts of the world. Once absorbed into the "chronopolitics" of the secular West, colonized space cannot reclaim autonomy and seclusion; once dragged out of their precolonial state, the indigenes of peripheries have to deal with the knowledge of the outside world, irrespective of their own wishes and inclinations. And yet the conditions of the modern nation-state are not available to most former colonies.[10]

One recalls that Western industrialized nations had the luxury of several centuries—however bloody—to resolve civil strifes, religious wars, and rural/urban or agricultural/industrial contradictions. Former colonies had far less time to work them out, and they had been under the domination of alien powers. Thus most former colonies have yet to agree on the logic and objective of a geographic and demographic unit. The will to fragmentation battles with the will to totalization. One cannot forget that there were countless cases of overt and covert interventions by the United

10. This narrative of colonization/decolonization is obviously oversimplified and, worse, totalized. Again, the case of South America, for instance, does not apply in many important aspects. However, for an inclusive discussion of the decolonization/recolonization process, one would have to consult an entirely different essay with a different focus and emphasis.

States and other colonial powers through economic, political, and military means. Peaceful progress has been structurally denied to them. Alliances among Third World states against First World domination, such as the Bandung Conference (1955), the Organization of Petroleum Exporting Countries (OPEC, 1960), UN Conference on Trade and Development (UNCTAD, 1964), and the New International Economic Order (NIEO, 1974), have all performed poorly, ultimately surrendering to the Bretton Woods system, which the victorious West established in 1944 for the postwar management of the ruined world with the World Bank, International Monetary Fund (IMF), and General Agreement on Tariffs and Trade (GATT) as the three central economic instruments.

It is widely agreed that the nation-state is a modern Western construction. It can be further argued that the gradual ascendancy of the nation-state around 1800 in the West was a function of colonialism. Earlier at the beginning of the modern period, the European monarchs sponsored adventurist projects, which were further propelled thereafter by the bourgeoisie's greater need for markets and resources to form a policy of colonial expansion. About the same time, as the industrial revolution increased production efficiency, urban areas received the influx of a large percentage of agricultural labor, creating a pool of surplus population.[11] These potentially rebellious unemployed and displaced workers needed to be depressurized in the marginal areas of the labor market. Toward that end, the organizers of colonialism had to persuade their recruits and foot soldiers about the profitability as well as the nobility of their mission. Voyaging into distant and savage regions of the world was frightening enough, and the prospects of sharing the loot were far from assured. Above all, bourgeois leaders had to conceal their class interests, which sharply conflicted with the interests of the populace at large. They needed crusaders and supporters who trusted their good faith, believed in the morality of their mission, and hoped for the eventual wealth promised for them. Thus they made the myth of the nation-state (that is, the belief in the shared

11. A typically preindustrial society has about 80 percent of its population engaged in agriculture. A fully industrialized society has a very small agricultural worker population, about 5 percent. This transformation from agriculture to manufacturing and other industries has taken most industrialized nations around 200 years. Japan went through the process in less than a century, while the East Asian NIEs are changing at the speed of less than a generation. The high cost paid for such a social change is to be expected. Industrialization and colonization converge in this development. And thus all industrialized nations are former colonizers. There is a later development of this process in industrialized societies now. As manufacturing technology improves productivity, manufacturing jobs are rapidly disappearing everywhere, and they are being replaced by service jobs. The manufacturing worker surplus urgently needs to find outlets that are nowhere visibly available. There is not even an equivalent of old colonies for these surplus workers. See Sylvia Nasar, "Clinton Job Plan in Manufacturing Meets Skepticism," *New York Times,* 27 Dec. 1992, p. A1. See also Motoyama Yoshihiko, *Minami to kita* (Tokyo, 1991), pp. 223–25.

community ruled by a representative government) and the myth of mission civilisatrice (that is, the voyagers' racial superiority over the heathen barbarians) seem complementary and indispensable. In such an "imagined [or manufactured] community," the citizens were bound by kinship and communality; they were in it together.[12] In the very idea of the nation-state, the colonialists found a politicoeconomical as well as moral-mythical foundation on which to build their policy and apology.

Thus the development of Western colonialism from the sixteenth to the midtwentieth century coincides with the rise and fall of the nation-state. The fate of the nation-state in recent years, however, is not synonymous with the "rise and fall of the great powers," as Paul Kennedy argues.[13] The bourgeois capitals in the industrialized world are now as powerful, or even far more powerful, than before. But the logic they employ, the clients they serve, the tools available to them, the sites they occupy, in short, their very identities, have all changed. They no longer wholly depend on the nation-state of their origin for protection and facilitation. They still make use of the nation-state structure, of course, but their power and energy reside in a different locus, as I will argue later on.

Even before 1945, Winston Churchill sensed that Britain had to yield its imperial scepter to the United States. If not at the Yalta Conference, by the time he was voted out of 10 Downing Street he knew the management of the world was now in the hands of the United States. He was of course right. Colonial history since 1945 converges with U.S. history. At the end of World War II, the United States economy was finally free from all scars of the Depression. In peacetime, however, prospects were far from rosy. To downscale wartime economy would mean a drastic rise in unemployment (a miniscule 1.2 percent in 1942) as well as an absolute plunge in production and consumption, resurrecting the nightmare of 1930. There were a series of labor strikes (steel, coal, rail, and port) in 1946; President Truman's veto of the Taft-Hartley Labor Act, which sought to curb strikes, was overturned by the Congress in 1947. It was under such circumstances of economic tension and unease that the president decided to contain "Communist terrorism" in Greece and Turkey in 1947, and the Marshall Plan was inaugurated to aid European reconstruction. The GNP had sunk ominously by 19 percent in 1946 but only by 2.8 percent in 1947; and if it remained at a stagnant 0.02 percent in 1949, the Korean War (whose origins are not as yet unambiguous)[14] saved the day: the GNP

12. See Benedict Anderson, *Imagined Communities: Reflections on the Origin and Spread of Nationalism,* 2d ed. (London, 1991). The book does not explain *who* imagined the community, however.

13. See Paul Kennedy, *Rise and Fall of the Great Powers: Economic Change and Military Conflict from 1500 to 2000* (New York, 1987).

14. See Bruce Cumings, *The Origins of the Korean War,* 2 vols. (Princeton, N. J., 1981, 1990).

rose by 8.5 percent in 1950 and 10.3 percent in 1951.[15] Similarly, just about the time the peace treaty with North Korea was signed in 1953 (and resulted in a minor recession), the United States began to aid the French government in its anti-insurgency war in Southeast Asia, shouldering 75 percent of the cost; and the training of South Vietnamese troops commenced in 1955 after the catastrophic defeat of the French army at Dien Bien Phu in 1954. When President Eisenhower warned Americans against "the potential for the disastrous rise of misplaced power" in the hands of the "military-industrial complex" and the "scientific-technological elite," the security state system had already been firmly—perhaps irretrievably—established in the United States.[16] (One notes that this was the decade in which the universities expanded to absorb the returned GIs, lowering the female-male college attendance ratio well below the level in the 1920s.[17] And in literary theory and practice, conservative ideology and formalist aestheticism of course dominated.)

The cold war, regularly reinforced by hot "anti-Communist" skirmishes, then, was a dependable instrument for the U.S. economy to organize its revenues and expenditures and to maintain a certain level of production and distribution. One notes in this connection that "in every year from 1951 to 1990, the Defense Department budget has exceeded the combined net profits of all American corporations." The U.S. Constitution does not accord the president the top economic power; "nevertheless, he has acquired that capacity from his role as chief executive officer of the military economy's management. Subordinate to the President/C.E.O. are the managers of 35,000 prime contracting firms and about 100,000 subcontractors. The Pentagon uses 500,000 people in its own Central Administrative Office acquisition network."[18] The Pentagon, in short, is the U.S. equivalent of Japan's Ministry of International Trade and Industry (MITI); it plans and executes a centrally organized economic policy. Thus it is more accurate to say that national security questions were essentially economic in nature. The U.S. economy, rather than merely reacting to uncontrollable foreign threats, actually guided world relations.

15. The figures are based on Table B–2—Gross National Product in 1982 Dollars, 1929–87, *The Annual Report of the Council of Economic Advisers,* in *Economic Report of the President* (Washington, D.C., 1988), p. 251.

16. Dwight D. Eisenhower, "Liberty Is at Stake" (1961), in *Super-State: Readings in the Military-Industrial Complex,* ed. Herbert I. Schiller and Joseph D. Phillips (Urbana, Ill., 1970), p. 32.

17. U.S. Office of Education, "Institutions of Higher Education—Degrees Conferred, by Sex, 1870–1970," *Biennial Survey of Education in the United States.*

18. Seymour Melman, "Military State Capitalism," *The Nation,* 20 May 1991, pp. 666, 667. Melman, *The Demilitarized Society: Disarmament and Conversion* (Montréal, 1988), *Profits without Production* (New York, 1983), and *The Permanent War Economy: American Capitalism in Decline* (New York, 1974) are important studies on this subject.

Soon after the recession in 1957 and 1958, the Kennedy administration sought to expand international trade by lowering the European Community tariffs through the GATT Kennedy Round. The so-called liberalization of trade in the early 1960s restored the integrated world market and encouraged direct foreign investment. The result was a marked rise in European investment by American enterprises. Such an expansion in international trade led to a rapid development of "multinational enterprises" and "transnational corporations," that is, giant companies that not only import and export raw and manufactured goods but also transfer capital, factories, and sales outlets across national borders, as will be explained more fully later on. And this history of economic organizations needs to be recalled here in the context of global decolonization.

The fracture of the British empire was accelerating throughout the 1960s with the loss of innumerable colonies one after another—from Cyprus, Nigeria, and Kenya to Jamaica, Malaysia, and Singapore.[19] Having lost Indochina and other colonies in the 1950s, France finally yielded Algeria in 1962. At the same time, the U.S. GNP increased at a brisk pace of 7 to 9 percent with fairly low inflation and unemployment rates. Economically and militarily invincible, the United States was ready to protect capitalist interests everywhere, but especially in Vietnam. If President Johnson tried to win support for his Great Society programs and the war on poverty by offering a Southeast Asian expedition to the conservative oppositions, his gamble was calamitous. As no one can easily forget, protests raged across the country, splitting the nation into doves and hawks, Clintons and Gores. On the antiwar demonstrators' enemy list, the names of defense-related corporations were conspicuous: General Motors, General Electric, DuPont, and Dow Chemical, to name a few. And it is many of these corporations that began during the 1960s to set the pattern of systematic transfer of capital and factories overseas. There were other factors, too; technological innovations in automation, synthetic chemistry, and electronic engineering produced an enormous accumulation of capital and a remarkable improvement in communication and transportation as well. The U.S. policy of liberal trade was both a response to and an instigation of such a development.

In the late 1960s, the global domination of U.S. multinational corporations was unchallengeable. Mainly centered in the Western hemisphere, and less in Africa and Asia, U.S. foreign direct investment (FDI) amounted to a half of all the cross-border investments worldwide, far surpassing the British FDI that stood at 20 percent and the French FDI at less than 10 percent.[20] Transnational corporations meant U.S. transnationals

19. Others include Tanzania (1964), Zanzibar (1963), Somaliland (1960), Aden (1967), Kuwait (1961), Malta (1964), Borneo (1963), Trinidad and Tobago (1962).

20. See Okumura Shigeji, "Takokuseki kigyo to hatten tojo koku," *Takokuseki kigyo to hatten tojo koku* (Tokyo, 1977), pp. 11–12.

then, and this pattern remained unchanged until the mid-1970s. The concentration of U.S. investments in Western Europe can be explained by four factors: high interest rates in Europe; the emergence of the European Economic Community (EEC); the U.S. tax laws favorable to overseas profits; and comparatively low costs of skilled labor in Europe. The serious task of controlling the world order for the West was still assigned to the U.S. government with its military and political programs of aid and intervention.[21]

Around 1970, European and Japanese transnational corporations (TNCs) emerged rapidly to compete with their U.S. counterparts, and their main target was none other than the advanced manufacturing industries in the United States itself. This bold move is explainable by several economic developments. First, the U.S. dollar was devalued after the Nixon administration froze wages and prices and suspended conversion of dollars into gold in 1971, making the U.S. attractive for foreign investment. Second, the U.S. market also became attractive again after the political instability and unpredictability in the rest of the world as a result of the fourth Middle East war of 1973 and its consequent oil embargo. Third, the European and Japanese industrial recovery was strong enough to wage a vigorous investment campaign in the United States. Finally, trade friction intensified in time, and European and Japanese manufacturers saw an advantage in building plants inside the U.S. market. The U.S. share of TNCs was still overwhelming, but in the 1980s it fell to 33 percent as against Britain at 18 percent, West Germany at 10 percent, and Japan at 8 percent.

In 1985 the United States negotiated a depreciation of the dollar at the G5 (or Group of 5) meeting in New York. The Plaza Agreement forced the dollar down by one half against the yen, raising Japan's currency value by 100 percent. Though aimed at an increase of U.S. export to Japan and a decrease of Japan's export to the United States, the measure was not really effective. Before long, moreover, Japanese TNCs realized the power of the strengthened yen, with which they proceeded to stage an aggressive campaign of investment, while cutting prices as much as they could to maintain their market share. What characterizes this stage of multinational development is, in addition to continued investment in the United States, a general concentration on four regional targets: tax havens (for example, Curacao in the Dutch Caribbean); OPEC nations; Asian NIEs (South Korea, Taiwan, Hong Kong, and Singapore); and ASEAN countries (Thailand, Malaysia, Indonesia, the Philippines, Singapore, and Brunei). Many of these nations were ruled by authoritar-

21. The history of U.S. interventions since the Vietnam War is long and wide ranging. To pick only the most conspicuous (overt) operations: the Dominican Republic, Lebanon, Grenada, Panama, the Persian Gulf. In addition, there were of course numerous covert operations in Iran, Nicaragua, El Salvador, and other places.

ian governments, which banned labor unions and opposition parties, thus achieving political "stability"—a minimal requirement for a large-scale TNC commitment. There has also been a gradual development of TNCs among OPEC, NIEs, Mexico, and India, investing in each other as well as the United States. Also, smaller corporations (that is, those with capital outlays of between 100 and 500 million dollars) in both industrialized and less industrialized nations were active in transnationalizing their operations. And this coexistence of TNCs of various origins (including joint ventures) is what makes the analysis of economic hegemony so complicated and difficult.

What emerges from this is an increasingly tightly woven network of multinational investments among EC, North American, and East Asian countries, gradually transforming the multi*national* corporations into *trans*national corporations. The distinction between the two corporate categories is certainly problematic: the terms are frequently used interchangeably. If there are differences, they are more or less in the degrees of alienation from the countries of origin. The range of international trading might be explained developmentally as follows. First, domestic companies simply undertake export/import activities, linking up with local dealers. Then, the companies take over overseas distribution and carry out their manufacturing, marketing, and sales overseas. Finally, the transnational corporations denationalize their operations by moving the whole business system, including capital, personnel, and research and development. This final stage is reached when a corporation promotes loyalty to itself among shareholders, employees, and clients rather than to its country of origin or host countries. Thus, a multinational corporation (MNC) is one that is headquartered in a nation, operating in a number of countries. Its high-echelon personnel largely consists of the nationals of the country of origin, and the corporate loyalty is, though increasingly autonomous, finally tied to the home nation. A truly transnational corporation, on the other hand, might no longer be tied to its nation of origin but is adrift and mobile, ready to settle anywhere and exploit any state including its own, as long as the affiliation serves its own interest.[22]

Let me repeat here that a sharp distinction between a TNC and a MNC is impossible because the precise extent of the denationalization of a corporation is not readily determinable. There is, for instance, no system-

22. These terms are used differently depending on the region and the times. In South America, for instance, the term *multinational* was not used in the 1960s and 1970s because it was felt that those giant corporations were all U.S.-based and not *multi*national. The term *transnational,* on the other hand, was felt to be more accurate because it suggested the *trans*gressiveness of these U.S. corporate managements. Now that there are Mexico-originated "multinational" giant corporations (such as Televisa, the biggest TV network in the world outside the U.S.), the term is becoming more commonly accepted. See John Sinclair, "Televisa: Mexico's Multinational," *Centro: Puerto Rican Studies Bulletin* 2, no. 8, unpaginated.

atic study of the TNC tax obligations as against their MNC counterparts or of their comparative patterns of foreign direct investment. MNCs are as self-regarding as TNCs; however, a recent tendency toward lesser national identification and greater corporate self-interest is discernible. In other words, despite the ongoing dependence on the state apparatus (for example, the military), multinational corporations are in the process of *de*nationalization and *trans*nationalization.

There are still relatively few corporations that completely fit the TNC specification, but there are examples such as Asea Brown Bovari among large-scale companies and Yaohan among smaller ones. Starting in Sweden, ABB, with annual revenues of over 25 billion dollars, has no geographic center.[23] Yaohan began as a Japanese grocery store chain, severed its Japanese ties, and moved first to Brazil and then—for now—to Hong Kong. It should be noted here that the corporate tax in Japan was 49.9 percent whereas in Hong Kong it stood at 16.5 percent in 1989.[24] Yaohan's chairman declares that his real target is the one billion Chinese in the twenty-first century.[25] Many MNCs on the other hand are alertly comparing opportunities in their home countries and host countries as they map out their strategies for maximizing profits.

TNCs of this type became more visible in the 1980s, although the loss of national sovereignty to the multinational companies had been discussed

---

There are numerous publications treating the development of transnational corporatism. For instance, see Peter F. Drucker, *The New Realities: In Government and Politics, in Economics and Business, in Sociology and World View* (New York, 1989) and Kenichi Ohmae, *The Borderless World: Power and Strategy in the Interlinked Economy* (New York, 1990), pp. 91–99. Perhaps the most important source of information, though little known, is the United Nations Center on Transnational Corporations, which publishes the biannual *CTC Reporter* as well as numerous specific reports on transnational corporate activities. The center published the *Bibliography on Transnational Corporations* in 1979.

23. Percy Barnevik, CEO of ABB, concluded a recent interview by remarking, "Are we above governments? No. We answer to governments. We obey the laws in every country in which we operate, and we don't make the laws. However, we do change relations *between* countries. We function as a lubricant for worldwide economic integration. . . . We don't create the process, but we push it. We make visible the invisible hand of global competition" (William Taylor, "The Logic of Global Business: An Interview with ABB's Percy Barnevik," *Harvard Business Review* 69 [Mar.–Apr. 1991]: 105).

24. See Terajima Jitsuro, *Chikyugi o te ni kangaeru Amerika: 21 seiki Nichi-Bei kankei e no koso* (Tokyo, 1991), pp. 78–79.

25. There are several books on this supposedly family-owned but un-Japanese enterprise, all by admiring—and commissioned?—Japanese authors. See, for instance, Itagaki Hidenori, *Yaohan: Nihon dasshutsu o hakaru tairiku-gata shoho no hasso* (Tokyo, 1990) and Tsuchiya Takanori, *Yaohan Wada Kazuo: Inoru keiei to hito zukuri* (Tokyo, 1991). Reflecting the owner's faith, Yaohan is aggressive in evangelizing the doctrine of the Seicho-no-ie Temple among its local employees. Despite predictable conflicts with employees of other religions (for example, Muslims in Singapore), Yaohan insists that the doctrine is the key to its success.

since the 1960s, and even earlier.[26] That this development should take place in the 1980s was no accident. After President Carter's stagflation in the late 1970s, President Reagan had a clearly defined program to promote private interests, supposedly with the conviction that strong private sectors would necessarily benefit the populace as a whole (but, in all likelihood, by simply following the cue cards handed over by the corporate designers of the policy). During this decade the transfer of wealth from the poor to the rich was carried out with remarkable efficiency. Corporate taxes were cut. Public services such as education, welfare, and medicine were reduced in the name of efficiency, resulting in a marked reliance on private enterprises such as Federal Express and private security services instead of "inefficient" public institutions such as the U.S. Postal Service or municipal police departments. There even have been talks of privatizing penal systems and public universities.[27] This decade also witnessed the reduction of the income tax rates for the higher brackets. The top tax on wages in 1945 was 94 percent, and in the 1950s through the 1970s it was in the 87 to 70 percent range; with the advent of President Reagan's administration the top tax on wages fell to 50 percent, and in 1991 under Bush it stood at 28 percent.[28] Thus the top one percent of Americans received 60 percent of the after-tax income gains between 1977 and 1989, while the bottom 40 percent of families had actual declines in income. According to the 6 May 1991 issue of *Business Week,* the typical CEO's pay was more than eighty-five times that of a typical manufacturing worker's pay in the United States, while the comparable ratio in Japan was only seventeen times.[29] Kevin Phillips reports, however, that "the pay of top corporate executives . . . soared to 130 to 140 times that of average workers, even while real or inflation-adjusted wages con-

26. For specific comments on this aspect of TNCs, see, for instance, Raymond Vernon, *Sovereignty at Bay: The Multinational Spread of U.S. Enterprises* (New York, 1971) and Stephen Hymer, *The International Operations of National Firms: A Study of Direct Foreign Investment* (Cambridge, Mass., 1976). In this connection J. A. Hobson's foresight in his *Imperialism* (London, 1902), especially in part 1, "The Economics of Imperialism," cannot be forgotten.

27. Amidst the fiscal crisis in the State of California, there have been rumors that the University of California, Berkeley, and UCLA are being considered for privatization. Though there has been no confirmation of the rumor, there has been no official denial either.

28. See Tom Petruno, "A Return to Rational Rates," *Los Angeles Times,* 29 Jan. 1992, p. D1.

29. See "Are CEOs Paid Too Much?" *Business Week,* 6 May 1991. The Japanese are very proud of this "democratic" distribution of wealth. Though it is to a large extent true and justifiable, wealth equity is not quite so real. For one thing, there is a huge sum being spent every year on executive perks such as free housing, free chauffeured car, free parking (no pittance in space-scarce Japan), plus the notorious entertainment expenses annually estimated, by one study, at $35.5 billion. See Robert Neff and Joyce Barnathan, "How Much Japanese CEOs Really Make," *Business Week,* 27 Jan. 1992, p. 31. The manifestation of wealth, power, and privilege obviously takes different forms from society to society.

tinued their 1980's decline."[30] Examples of illicit and semi-illicit business practices are too many to be enumerated here—from dubious mergers and appropriations and junk-bond scams to the savings and loan industry scandal. The number of poor people in 1991 increased to 35.7 million, that is, 14.2 percent of the total population, which is the highest figure since 1964.[31] In such an atmosphere of intensified self-regard and self-interest, corporate managers took it for granted that their business was to maximize profits nearly regardless of consequences. They would go wherever there were lower taxes and greater profits.

It should be emphasized here that this move toward transnationalization was not just American but global. Leslie Sklair, in one of the most comprehensive studies of TNCs (from a Gramscian and feminist perspective), points out that "while there is no convincing evidence that the TNCs can bring salvation to the Third World, in many poor countries the TNCs are seen as responsible for the only bright spots in the economy and society. . . . [TNCs] are very widely sought after and they carry high prestige."[32] As mentioned earlier, not only industrialized nations but NIEs and other economies also produce corporations that maximize profits by freely crossing national borders. However one may view the TNC practice, TNCs are not beholden to any nation-states but seek their own interests and profits globally. They represent neither their home countries nor their host nations but simply their own corporate selves.

There are of course many other contributing factors. TNCs are immensely powerful. Sklair points out that "in 1986, according to the World Bank, 64 out of 120 countries had a GDP (gross domestic product) of less than $10 billion. United Nations data for 1985–86 show that 68 TNCs in mining and manufacturing had annual sales in excess of ten billion dollars, while all the top 50 banks, the top 20 securities firms, and all but one of the top 30 insurance companies had net assets in excess of ten

30. Kevin Phillips, "Down and Out," *New York Times Magazine,* 10 Jan. 1993, p. 20.

31. See Robert Pear, "Ranks of U.S. Poor Reach 35.7 Million, the Most Since '64," *New York Times,* 4 Sept. 1992, A1, A14; After President Bush's visit to Japan in late 1991, the comparative figures of the rich and the poor in the United States attracted a good deal of media attention. See also Nasar, "The 1980s: A Very Good Time for the Very Rich," *New York Times,* 5 Mar. 1992, pp. A1, A22; Petruno, "Investors Seeking Voice on Execs' Pay May Get It," *Los Angeles Times,* 7 Feb. 1992, pp. D1, D3; Linda Grant, "Corporations Search for Answers on Executive Pay," *Los Angeles Times,* 23 Feb. 1992, pp. D1, D9; James E. Ellis, "Layoffs on the Line, Bonuses in the Executive Suite," *Business Week,* 21 Oct. 1991, p. 34; Anne B. Fisher, "The New Debate over the Very Rich," *Fortune,* 29 June 1992, pp. 42–55; and Louis S. Richman, "The Truth about the Rich and the Poor," *Fortune,* 21 Sept. 1992, pp. 134–46; Lee Smith, "Are You Better Off?" *Fortune,* 24 Feb. 1992, pp. 38–48; Geoffrey Colvin, "How to Pay the CEO Right," 6 Apr. 1992, pp. 60–69. See also the feature on executive pay in *Business Week,* 30 Mar. 1992, pp. 52–58.

32. Leslie Sklair, *Sociology of the Global System* (Baltimore, 1991), pp. 101–2; hereafter abbreviated *S.* Among numerous books on the subject, Sklair's is singular for a sociopolitical vision that informs its economic analysis.

billion" (*S*, pp. 48–49). That is, of the largest one hundred economic units, more than fifty are TNCs.[33] Because of the rapid development in sophisticated computer technology—often justifiably called the third industrial revolution—in communication, transportation, and manufacturing, the transfer of capital, products, facilities, and personnel has been unprecedentedly efficient. Private funds—to the amount of billions of dollars at one transaction—flow from one industrial center to another, totalling every business day nearly 1 trillion dollars at the Clearing House Interbank Payment System (CHIPS) in New York City alone.[34] It goes without saying that this development weakens the interventionary power of central national banks, such as the Bundes Bank of Germany, Nihon Ginko of Japan, and the Federal Reserve of the United States.

Post-Fordist production methods enable TNCs to move their factories to any sites that can offer trained and trainable cheap labor forces as long as there are tax inducements, political stability, adequate infrastructure, and relaxed environmental protection rules. Low civil rights consciousness, too, including underdeveloped unionism and feminism, is crucial; although female labor is abused everywhere, the wage difference between the sexes is still greater in the Third World—the target area for TNCs.[35] Global transportation is so efficient that the division of labor across national borders is now a given. Parts are produced in many places to be assembled—depending on particular tariffs, labor conditions, and other factors—at a locale strategically close to the targeted market.[36] There are innumerable joint ventures, such as GM and Toyota, or GE, RCA, and Thomson SA. Banks and other financial institutions also move across borders with increasingly fewer impediments.

In this MNC/TNC operation, at any rate, manufactured products are advertised and distributed globally, being identified only with the brand names, not the countries of origin. In fact, the country of origin is itself becoming more and more meaningless. The "Buy American" drive is

33. Also, it was said in 1973 that "of the 100 largest economic units in the world, only half are nation-states, the others multinational companies of various sorts" (Harry M. Makler, Alberto Martinelli, and Neil J. Smelser, introduction, in *The New International Economy*, ed. Makler, Martinelli, and Smelser [Beverly Hills, Calif., 1982], p. 25).

34. See June Kinoshita, "Mapping the Mind," *New York Times Magazine*, 18 Oct. 1992, pp. 43–47, 50, 52, 54.

35. Female labor is cheaper than male labor everywhere, especially in the Third World. Thus the sexual division of labor is attracting some attention among economists. An extremely important topic, it urgently requires further study. See *S*, pp. 96–101, 108–9, 233–35. See also Maria Mies, *Patriarchy and Accumulation on a World Scale: Women in the International Division of Labour* (London, 1986), esp. chaps. 3 and 4.

36. There is a good deal of literature available on this subject. See, for instance, Folker Fröbel, Jürgen Heinrichs, and Otto Kreye, *The New International Division of Labour: Structural Unemployment in Industrialised Countries and Industrialisation in Developing Countries*, trans. Pete Burgess (Cambridge, 1980), and Michael J. Piore and Charles F. Sabel, *The Second Industrial Divide: Possibilities for Prosperity* (New York, 1984).

increasingly a hollow battle plan: the Honda Accord is manufactured in Ohio from 75 percent U.S.-made parts, while the Dodge Stealth is made in Japan by Mitsubishi.[37] "In the new Boeing 777 program, the Boeing Company is manufacturing only the wings, nose structure and engine nacelles. The rest of the wide-body airplane will come from hundreds of subcontractors in North America, Japan and Europe."[38] Almost no TV sets are wholly domestic products. It was announced in 1992 that "Zenith Electronics Corp., the last U.S.-owned television company, is moving final assembly of all of its large-screen sets to Mexico."[39] A TNC selects the place of operation, in short, solely by a fine calculus of costs and profits, involving the entire process of research, development, production, distribution, advertising, marketing, financing, and tax obligations.

TNCs are faced with the task of recruiting workers thoroughly familiar with local rules and customs as well as the specific corporate policies for worldwide operation. For that purpose, their workers usually are of various nationalities and ethnicities. This aspect is significant in several ways. First, TNCs will increasingly require from all workers loyalty to the corporate identity rather than to their own national identities. Second, employees of various nationalities and ethnicities must be able to communicate with each other. In that sense, TNCs are at least officially and superficially trained to be color-blind and multicultural.[40] Despite the persistent recurrence of violent racist events in the United States, its immigration regulations were radically changed in 1965 to reject the ethnically defined quota system set out by the 1952 McCarran-Walter Act. In the revised Immigration Reform and Control Act of 1986 and the November 1990 reform bill, priorities are given to skills rather than ethnicities. TNCs, especially, are allowed to claim a quota from the category of 40,000 aliens with special abilities in addition to the general category of skilled experts and professionals.[41] Third, the need of a huge pool of such skilled workers creates

37. Lee Iacocca, the former Chrysler chairman, said little about the Nagoya Mitsubishi factory when he accompanied President Bush to Japan in 1991 to complain about the Japanese automobile imports. The Stealth is made entirely in Japan except for the word *Dodge* etched in the front bumper. See David E. Sanger, "Detroit Leaning on Japan, in Both Senses," *New York Times,* 27 Feb. 1992, p. A1.

38. John Holusha, "International Flights, Indeed," *New York Times,* 1 Jan. 1992, p. 49.

39. "'Made in America' Gets Tougher to Determine," *San Diego Union-Tribune,* 2 Feb. 1992, p. A33.

40. This does not mean that TNCs are all capable of rationally and skillfully dealing with complex race issues in all regions. The Japanese MNC/TNC managers in the U.S., for instance, have had many serious difficulties in understanding the racial and ethnic problems, often provoking their employees of both majority and minority ethnicities to take legal actions against them. The problem as I see it, however, arises from not their informed policies but their inexperience and ignorance in execution. The corporate managers are becoming alert enough to what is expected and demanded of them for the maintenance of their operation in alien lands.

41. See Kuwahara Yasuo, *Kokkyo o koeru rodosha* (Tokyo, 1991), pp. 127–43. The move-

a transnational class of professionals who can live and travel globally, while freely conversing with their colleagues in English, the lingua franca of the TNC era. The formation of the transnational class, or what Robert Reich calls "symbolic analysts" in his *The Work of Nations,* is itself a development that calls for further study, especially as this exclusive and privileged class relates—or does not relate—to those kept outside: the unemployed, the underemployed, the displaced, and the homeless.[42] The third industrial revolution, very much like the earlier two, creates an immense semiskilled and unskilled surplus labor, causing a huge demographic movement across the world and feeding into the mass underclass in every industrialized region.

Reich has little to say about the fate that awaits those who won't be able to move up to the class of privilege. The question remains, then, as to how the new elite managers compare to the professional class of modern industrial society and how they relate to those left marginalized and abandoned in the TNC structure.

Earlier, as traditional society transformed itself into bourgeois capitalist society in the West, intellectuals and professionals who served in the planning and execution of the capitalist agenda were led to think of themselves as free and conscientious critics and interpreters. In the age of TNCs, they are even more shielded and mediated by the complexity and sophistication of the situation itself because transnational corporatism is by definition unprovincial and global, that is, supposedly free from insular and idiosyncratic constrictions. If clear of national and ethnic blinders, the TNC class is not free of a new version of "ideologyless" ideology that is bent on the efficient management of global production and consumption, hence of world culture itself. Are the intellectuals of the world willing to participate in transnational corporatism and be its apologists? How to situate oneself in this neo-Daniel Bell configuration of transnational power and culture without being trapped by a deadend nativism seems to be the most important question that faces every critic and theorist the world over at this moment, a question to which I will return later.

The decline of the nation-state has been accelerated by the end of the cold war. War activates nationalism and patriotism inasmuch as hostility

---

ments of both skilled and unskilled labor in the European community, too, offers an economic integration model par excellence.

42. See Robert B. Reich, *The Work of Nations: Preparing Ourselves for Twenty-First-Century Capitalism* (New York, 1991). In his contribution to *The New International Economy,* Volker Bornschier concludes, "we know that personal income distribution is more unequal if the level of [multinational corporation] penetration is high. No empirical evidence is reported that MNCs reduce inequality in less developed countries in the course of their operation, whereas there are several hypotheses with preliminary empirical support for the contrary" (Volker Bornschier, "World Economic Integration and Policy Responses: Some Developmental Impacts," in *The New International Economy,* pp. 68–69).

deepens the chasm that cuts "them" off from "us." The binary alignment that was present in all foreign relations during the cold war was abruptly removed in 1989. With the demise of authoritarian socialist states, bourgeois capitalism looked as if it had triumphed over all rivals. Whether such a reading is right or wrong, the disappearance of "the other side," together with the end of administrative colonialism, has placed the nation-state in a vacant space that is ideologically uncontested and militarily constabularized. The choreographed display of high-tech destruction by the United States during the Gulf War could not conceal the lack of objective and meaning in that astounding military exercise. The Gulf War was the war of ultimate snobbery, all style, demonstrating power for the sake of power in a world after the cold war. The war expressed the contempt of the rich for the poor, just as military and political force were being replaced in importance by economic and industrial power. The single superpower, the United States, executed the war, of course, but as the "sharing" of the military expenses among the "allied nations" demonstrates, the war was fought on behalf of the dominant corporate structure rather than the United States, which served after all as no more than a mercenary. Does this mean that from now on the armed forces of the United States are in service of a corporate alliance with little regard for its own people's interests? Is the state apparatus being even more sharply cut off from the welfare of the people than before? Wealth that generates right and might seems to have overwhelmed power that creates wealth.[43]

Against the effective operation of TNCs, the nation-states more and more look undefined and inoperable. Although the end of the cold war also loosened the ties that bound nation-states such as the Soviet Union and Yugoslavia while encouraging separatist movements in Scotland, Spain, India, Canada, and many other places, these are expressions of ethnicism, not nationalism.[44] To quote from *The New International Economy,* these independence movements are "a kind of mirrored reflection of the decline of the viability of nationalism as a politically unifying force, a decline occasioned moreover, by the economic and political internationalization."[45]

43. The first large-scale war after the end of the cold war, the war in the Persian Gulf, requires further analysis. First World intellectuals hardly protested, although the U.S. Congress was nearly evenly divided about the land-force invasion of Iraq before the actual event. Among several collections of essays about the war in the gulf see *The Gulf War Reader: History, Documents, Opinions,* ed. Micah L. Sifry and Christopher Cerf (New York, 1991). See also Christopher Norris, *Uncritical Theory: Postmodernism, Intellectuals, and the Gulf War* (London, 1992).

44. David Binder and Barbara Crossette count forty-eight ethnic wars in the world in their "As Ethnic Wars Multiply, U.S. Strives for a Policy," *New York Times,* 7 Feb. 1993, pp. A1, A12.

45. Makler, Martinelli, and Smelser, introduction, in *The New International Economy,* pp. 26–27.

Admittedly, it is more customary nowadays to regard as "nationalistic" the "ethnic cleansing" by the Serbs, the Muslim and Hindu antagonism in India, or Islamic fundamentalism, but it seems at least as sensible to think of such neorevivalism, neoracism, and neoethnicism in conjunction with the decline of the nation-state. The fragmenting and fragmented units in these sites of contestation in the world are newly awakened agents not for the construction of autonomous nations but for the abandonment of the expectations and responsibilities of the politico-economic national projects. Ethnicity and raciality are being brandished as the refuge from the predicaments of an integrated political and economic body. As globalization intensifies, neoethnicism is appealing because of its brute simplicity and reductivism in this rapidly altering and bewilderingly complex age. But over all the separatist aspirations—from Czechoslovakia, Yugoslavia, India, and Myanmar—hover the dark shadows of economic anxieties that none of these "nationalist" units have sufficiently recognized as they rush toward independence and purification. It is as if the inadequacy of the nation-state is now fully realized, and the provincial strongmen are all trying to grab a piece of real estate for keeps before all is incorporated and appropriated by transnational corporations.

Those who have thought of the nation-state as a historical bourgeois invention for the sake of protecting a national economy from the threats of free democracy might hail transnationalism's negative effect on the nation-state. To the extent that war was an unavoidable product of national economy, as argued by Marx in his 1848 *Communist Manifesto,* there is something exhilarating about the demise of the nation-state. At the same time, the state did, and still does, perform certain functions, for which there is as of now no substitute agency. It defines citizenship, controls currency, imposes law, protects public health, provides general education, maintains security, and, more important, guides the national economy (though little acknowledged in the United States, as I pointed out earlier), all with revenues raised through taxation. In enumerating these functions, however, it becomes indisputably clear that the list is not a list of achievements but of failures. In all these items, the state as a political authority seems biased and compromised. It is not the nation as an integrated whole but certain classes, the privileged in it, that receive a major portion of benefits from the state performing these tasks. The state fails to satisfy most of its sectors and leaves most of its citizenry resentful. Thus, there is a palpable aversion to taxation among all segments of population, rich or poor, although everyone knows that tax is the glue that keeps the nation-state coherent. The nation-state, in this sense, no longer works; it is thoroughly appropriated by transnational corporations. Thus for some, it is a sheer annoyance, but for a vast majority it serves as a nostalgic and sentimental myth that offers an illusion of a classless organic community of which everyone is an equal member. Such an illusion of national community stubbornly persists.

Let me give one more example of the use of the concept of nation-states. The formation of a highly complex web across national borders of industrial production and distribution—in a word, transnationalization—largely invalidates disputes over surpluses and deficits in trade. Reich rightly argues that wealth is accumulated at the site where managers and technicians carry out research and development, not where the corporations or manufactured goods originate.[46] As I mentioned above, the identification of the countr*ies* of origin of manufactured goods is becoming increasingly impossible, and parts of a product come from all over. The "local content" regulations are nearly impossible to enforce. The U.S., for instance, imports as much as 30 percent from U.S. transplants overseas that have been established over the last several decades.[47] Further, MNCs and TNCs are indifferent as they create regions of poverty in the middle of their own countries of origin such as the United States and Britain. It is quite possible to argue that the trade protectionists, such as the so-called revisionists in the U.S.–Japan trade discourse, are conscious or unconscious participants in a patriotic scam to conceal the class interests involved in the bilateral trade friction. Protectionism benefits certain sectors of industry and hurts others, just as free trade does. In other words, protectionism and free trade grant favors to different portions of industry in the short run, although protectionism invariably hurts the consumers. Only when the coherence of a total nation-state is unswervingly desired and maintained can the practice of protectionism persuade the population at large. In the present world, however, there is no example of such unquestioned national coherence—not even the notorious Japan, Inc. The "revisionists" merely stir the residual patriotic sentiment so that they can keep the illusion of national unity a while longer.[48]

46. See Reich, *The Work of Nations,* esp. chap. 12.

47.

The ratio of the overseas production totals of TNCs to the TNC sales totals is 79 percent for Switzerland, 48 percent for Britain, 33 percent for the U.S., and 12 percent for Japan. And among the top three countries, the overseas production totals were greater than the export totals. The 1981 U.S. export totals were 233.6 billion dollars, while the overseas production totals were nearly twice as much, 482.9 billion dollars. The Japanese export totals were 152 billion dollars, while its overseas production totals were merely 30 billion dollars.

(Motoyama Yoshihiko, *Minami to kita: Kuzureyuku daisan sekai* [Tokyo, 1991], pp. 196–97; my trans. See also Jitsuro, *Chikyugi o te ni kangaeru Amerika,* pp. 68–69, 160–62).

48. Reich's comments occasioned by the publication of Crichton's *Rising Sun* are eloquent on this. "The purpose of having a Japanese challenge is to give us a reason to join together. That is, we seem to need Japan as we once needed the Soviet Union—as a means of defining ourselves, our interests, our obligations to one another. We should not be surprised that this wave of Japan-as-enemy books coincides exactly with the easing of cold-war tensions" (Reich, "Is Japan Really out to Get Us?" *New York Times Book Review,* 9 Feb. 1992). To quote from Sklair, protectionism "acts as a bargaining counter for the rich, and a bluff for the poor, and mainly comes to life in its use as a rhetorical device to satisfy domestic

TNCs are obviously not agents of progress for humanity. First, since the raison d'être of TNCs is maximum profits, the welfare of the people they leave behind, or even the people in the area where they operate, is of little or no concern to them. The host governments that are eager to invite TNCs cannot be expected to be particular about the workers' employment conditions or the general citizens' public welfare. The framework of the nation-state is deteriorating also in the host nations that are often controlled by dictators and oligarchs. All TNCs are finally in alliance, though competitive in several basic aspects.[49] The transnational class is self-concerned, though aggressively extroverted in cross-border movement. Labor unions, which might be expected to offer assistance to workers, on the other hand, still operate within the framework of a national economy. It is at present simply unthinkable that transnational labor unions will take joint actions across national borders, equalizing their wages and working conditions with their cross-border brothers and sisters. Imagine UAW officials meeting with Mexican union representatives to negotiate together a contract with the GM management in a *maquila* plant.[50] TNCs might raise GNP or even per capita income, but such a raise does not guarantee a better living for all citizens. So who finally protects the workers inside the U.S. or outside? The TNCs are far more transnational than the labor unions, generating the unemployed and underemployed everywhere, from Detroit to Manila, from Taipei to San Diego. There is little to be expected as of now from the residual nation-state or its alternatives in the way of protecting these people. What we have heard so far in relation to the North America Free Trade Agreement from the Bush administration, the Clinton administration, or U.S. university experts promises very little indeed.[51] As Sklair summarizes,

---

constituencies. For example, desperate politicians tend to fall back on it to appease working class voters in the United States and the United Kingdom" (*S*, p. 71). Among the "revisionists" are Clyde V. Prestowitz, Jr., James Fallows, Karel van Wolferen, and Chalmers Johnson.

49. Chiu Yen Liang, "The Moral Politics of Industrial Conflict in Multinational Corporations Located in Hong Kong: An Anthropological Case Study," 2 vols. (Ph.D. diss., University of Chicago, 1991) discusses a strike at a Japanese TNC in Hong Kong. Although overly detailed in description and confusing in analysis, there are many interesting observations of the TNC practice.

50. "In some, though not all, export oriented zones (EOZs) the rights of workers to organize is curtailed, either formally or in practice, and . . . trade unions are either suppressed or manipulated through government-TNC collaboration" (*S*, p. 95).

51. Some labor unions and some Democrats, including Bill Clinton, support NAFTA with reservations concerning worker retraining and enforcement of adequate environmental regulations in Mexico. But the specifics are not available. As to the overall gains and losses, obviously some industrial sectors will gain while others will lose. The questions are who will gain how much, who will lose how much, and when will the disparity be balanced out? As to the prospects of worker displacement, a group of researchers at the University of

"The choice is more likely to be between more or less efficient foreign exploitative transnational corporations and highly protected and perhaps corrupt local, state, parastatal or private firms" (*S*, p. 117).

Second, the rapid formation of the transnational class is likely to develop a certain homogeneity among its members. Even without the formation of TNCs, the world has been turning toward all-powerful consumerism in which brand names command recognition and attraction. Everywhere commodities are invented, transported, promoted, daydreamed over, sold, purchased, consumed, and discarded. And they are the cultural products of the transnational class. The members of such a class are the leaders, the role models, of the 1990s and beyond; their one gift is, needs to be, an ability to converse and communicate with each other. Cultural eccentricities are to be avoided, if not banned altogether. National history and culture are not to intrude or not to be asserted oppositionally or even dialectically. They are merely variants of one "universal"—as in a giant theme park or shopping mall. Culture will be kept to museums, and the museums, exhibitions, and theatrical performances will be swiftly appropriated by tourism and other forms of commercialism. No matter how subversive at the beginning, variants will be appropriated aggressively by branches of consumerism, such as entertainment and tourism, as were rap music, graffiti art, or even classical music and high arts. Cable TV and MTV dominate the world absolutely. Entertainment and tourism are huge transnational industries by themselves. The return to "authenticity," as mentioned earlier, is a closed route. There is nothing of the sort extant any longer in much of the world. How then to balance the transnationalization of economy and politics with the survival of local culture and history—without mummifying them with tourism and in museums—is the crucial question, for which, however, no answer has yet been found.[52]

Third, workers in search of jobs all over the world are changing global demography in this third industrial revolution. They come, legally or

---

Michigan predicted that "as few as 15,000 to 75,000 American workers—out of a work force of 120 million—could lose their jobs over 10 years as a result of the pact" (Nasar, "Job Loss in Pact Is Called Small," *New York Times*, 17 Aug. 1992, p. D3). The details are not offered, but the prediction as reported is totally unconvincing. Nearly all in the management side agree that NAFTA will benefit everyone in the long run. No one spells out, however, how long that means. It remains to be proven that NAFTA will not be a disaster to the U.S. workers for a foreseeable future. See also Bob Davis, "Fighting 'Nafta': Free-Trade Pact Spurs a Diverse Coalition of Grass-Roots Foes," *Wall Street Journal*, 23 Dec. 1992, p. 1.

52. There are numerous works by the members of the Frankfurt school on this, especially Adorno and Benjamin. Also, see *S*, p. 42, and Dean MacCaonnell, *Empty Meeting Grounds: The Tourist Papers* (London, 1991). Arif Dirlik in his forthcoming essay, "Post-Socialism/Flexible Production: Marxism in Contemporary Radicalism," advocates a neo-Marxist localism to deal with this problem.

illegally, from everywhere to every industrial center either in industrialized or developing nations. TNCs are in need of them, though they are unwilling to provide them with adequate pay or care. Cut off from their homes, migrant workers disappear into huge urban slums without the protection of a traditional rural mutual dependence system. The struggle for survival does not allow any leisure in which to enjoy their pastoral memory. For those exploited alien workers in inner cities, consumerism alone seems to offer solace, if they are fortunate enough to have money for paltry pleasures. In Mexico City or Seoul, in Berlin or Chicago, migrants mix and compromise alongside other aliens from other regions. Neither nativism nor pluralism are in their thoughts, only survival. "Multiculturalism" is a luxury largely irrelevant to those who live under the most wretched conditions. It is merely an "import strategy" of the TNC managers, as Mike Davis calls it.[53] In fact, it may very well turn out to be the other side of the coin of neoethnicism and neoracism.

Fourth, environmental destruction is a major consequence of the development of TNCs. Because TNCs often move across borders to escape from stringent environmental regulations, the host government is not likely to enforce the pollution control rules. The effects of the damage caused in industrialized areas as well as NIEs and Third World regions, however, is not confined to these specific localities. The proposal made by Lawrence Summers of Harvard and the World Bank to shift polluting industries from developed countries to the "'underpolluted'" Third World is as foolish as it is invidious.[54] The effects of environmental violence inescapably visit everyone, everywhere. Air pollution, ozone layer depletion, acid rain, the greenhouse effect, ocean contamination, and a disrupted ecosystem are finally unavoidable no matter where the damage originates. The TNCs might escape from the regulators, but we are all—with no exception—victims. Who is there to control the environmental performance of TNCs globally? Are we to rely on the good sense of corporate planners to fight off catastrophe? Can we trust the fugitives from law to protect the law?[55]

Finally, academia, the institution that might play the principal role in investigating transnational corporatism and its implications for humanity, seems all too ready to cooperate rather than deliberate. The technical complexity of the TNC mechanism requires academic expertise in sophisticated research, explanation, and management of immense information data. Those in economics, political science, sociology, and anthropology,

53. Mike Davis, *City of Quartz: Excavating the Future in Los Angeles* (London, 1990), pp. 80–81. See also Edward W. Soja, *Postmodern Geographies: The Reassertion of Space in Critical Social Theory* (London, 1989).

54. James Risen, "Economists Watch in Quiet Fury," *Los Angeles Times,* 8 Jan. 1993, p. A20.

55. See, for example, United Nations Centre on Transnational Corporations, *Environmental Aspects of the Activities of Transnational Corporations: A Survey* (New York, 1985).

as well as business administration and international relations, are not expected to be harsh critics of the TNC practice, being compliant enough to be its explicators and apologists. Critics and theorists in the humanities, too, are not unsusceptible to the attraction of global exchange, as I will argue once more before I close.

TNCs continue colonialism. Like pre-1945 colonialism, they operate over distance. While they homogenize regions, they remain aliens and outsiders in each place, faithful only to the exclusive clubs of which they are members. True, old colonialism operated in the name of nations, ethnicities, and races, and transnational corporatism tends toward nationlessness. But as I have already mentioned, even the historical nation-state was actually an enabling institution for international enterprises. British colonialism made possible the East India Company, just as the U.S. government made possible the domination of the United Fruit Company in Central America. Colonialism never benefited the whole population of an adventurist nation. As J. A. Hobson argued nearly a century ago and scholars since have confirmed, colonialism enriched the rich and powerful of the home country and the *compradors* at the expense of the populace at large.[56] The trickle-down theory of the 1980s was, as always, a wishful fantasy or, more likely, an unadulterated con game. It is indeed sobering to remember that the war in Vietnam was conducted at a huge cost to the United States as a whole, which of course gained nothing from the old exhausted Southeast Asian colony of France. And yet there were a good number of stockholders, executives, entrepreneurs, and employees of the U.S. defense industry who amassed fortunes over the millions of dead and wounded bodies and impoverished souls, both Vietnamese and American. Japanese industrial recovery, too, owes a great deal to the Korean and Vietnam wars.

TNCs are unencumbered with nationalist baggage. Their profit motives are unconcealed. They travel, communicate, and transfer people and plants, information and technology, money and resources globally. TNCs rationalize and execute the objectives of colonialism with greater efficiency and rationalism. And they are, unlike imperial invaders, welcomed by the leaders of developing nations. In order to exploit the different economic and political conditions among the current nation-states, they ignore the borders to their own advantages. When the need arises, however, they can still ask for the aid of the armed forces of their home/host states. And in the process patriotic rhetoric can be resurrected to conceal the true state of affairs, as the Gulf War clearly demonstrated. The military, in the meantime, is increasingly assuming the form of a

56. For recent studies, see, for instance, Lance E. Davis and Robert A. Huttenback, *Mammon and the Pursuit of Empire: The Economics of British Imperialism* (Cambridge, 1986). They argue that the elite members of British society gained economically and the middle-class British taxpayers lost during the nation's imperial expansion.

TNC itself, being nearly nation-free. TNC employees, too, are satisfied with their locally higher wages. And yet there is no evidence that the whole population of a host country enjoys an improvement in welfare: let me repeat, a higher GNP or per capita income does not mean an equally enjoyed increase in wealth. As the host government represses labor organization and urban industrial centers generate surplus labor, wages can be lowered and inequality can intensify at least temporarily.[57] Authoritarianism is unlikely to diminish. Oppression and exploitation continue. Ours, I submit, is not an age of *post*colonialism but of intensified colonialism, even though it is under an unfamiliar guise.[58]

I am raising these issues as a participant in the discourse on colonialism. I have myself participated in a number of workshops and conferences on the subject. It is curious, however, how quickly "colonial" discourse has been replaced by "*post*colonial" discourse. There was a conference in Berkeley called "After 'Orientalism'" in the spring of 1992. Soon thereafter, there was another at Santa Cruz, this time entitled "Beyond Orientalism." During the subsequent fall, there were at least two more, one at Scripps College, called "Writing the Postcolonial," and another, though slightly different in orientation, at Santa Barbara, entitled "Translating Cultures: The Future of Multiculturalism?" And above all there is a three-year project on minority discourse at the Humanities Research Institute, at University of California, Irvine. These are all recent California events, but there are many meetings and conferences on the subject everywhere, converting academics—us—into frequent fliers and globe-trotters. And there is, of course, an outpouring of articles in scholarly publications.[59]

Such activities are presumably politically engaged intellectual exercises. But if practice follows discourse, discourse must follow practice. Very much like studies in New Historicism, these are efforts once again to distance political actuality from direct examination. Once again, we are sanitizing our academic discourse on the ongoing political conditions—this time around TNCs and their eager host governments. We might even

57. See Kuwahara, *Kokkyo o Koeru rodosha.*

58. See Noam Chomsky's latest book, *Year 501: The Conquest Continues* (Boston, 1993), esp. chaps. 3 and 4.

59. To name a few, Kwame Anthony Appiah, "Is the Post- in Postmodernism the Post- in Postcolonial?" *Critical Inquiry* 17 (Winter 1991): 336–57; Homi Bhabha, "Of Mimicry and Man: The Ambivalence of Colonial Discourse," *October,* no. 28 (Spring 1984): 125–33; Sara Suleri, "Woman Skin Deep: Feminism and the Postcolonial Condition," *Critical Inquiry* 18 (Summer 1991): 756–69; Dipesh Chakrabarty, "Postcoloniality and the Artifice of History: Who Speaks for 'Indian' Pasts?" *Representations,* no. 37 (Winter 1992): 1–26; and, most important, issue no. 31–32 of *Social Text,* which addresses the question of postcolonialism and the Third World. None of the articles, however, directly discusses the development of the TNC.

be masking a secret nostalgia as we devote our scholarly attention to "postcoloniality," a condition in history that is safely distant and inert, instead of seeking alternatives in this age after the supposed end of history. Similarly, multiculturalism looks suspiciously like a disguise of transnational corporatism that causes, of necessity, havoc with a huge mass of displaced workers helplessly seeking jobs and sustenance. Los Angeles and New York, Tokyo and Hong Kong, Berlin and London are all teeming with "strange-looking" people. And U.S. academics quite properly study them as a plurality of presences. But before we look distantly at them and give them over to their specialists, we need to know why they are where they are. What are the forces driving them? How do they relate to our everyday life? Who is behind all this drifting? The plurality of cultures is a given of human life: "our own tradition" is a fabrication as it has always been, everywhere. It is impossible not to study cultures of others; the American curricula must include "alien" histories. But that is merely a beginning. In the recent rise in cultural studies and multiculturalism among cultural traders and academic administrators, inquiry stops as soon as it begins. What we need is a rigorous political and economic scrutiny rather than a gesture of pedagogic expediency. We should not be satisfied with recognizing the different subject-positions from different regions and diverse backgrounds. We need to find reasons for such differences —at least in the political and economic aspects—and to propose ways to erase such "differences," by which I mean political and economic inequalities. To the extent that cultural studies and multiculturalism provide students and scholars with an alibi for their complicity in the TNC version of neocolonialism, they are serving, once again, just as one more device to conceal liberal self-deception. By allowing ourselves to get absorbed into the discourse on "postcoloniality" or even post-Marxism, we are fully collaborating with the hegemonic ideology, which looks, as usual, as if it were no ideology at all.